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ABSTRACT

This paper focuses on the funding of court-ordered desegregation plans in St. Louis and Kansas City and the ongoing search for fiscal equity. After sketching the landmark dates in desegregating the state's two largest cities, the article explores Missouri's continuing quest for fiscal equity in education. It describes the amount of federal aid received by various states and the early formulas for establishing education equity. The document traces the trail to a 1993 decision that determined that Missouri schools were among the most inequitably financed in the nation. This decision determined that inequity in school funding was on the rise, with disparities between the 10 highest spending school districts and the 10 lowest spending school districts increasing steadily from 1987 through 1993. The count stated that the amount of money available for schools makes a difference in the educational opportunities that can be provided to Missouri's children. Financial data taken from 1998-99 show a slight deviation from the steady decline in the disparity ratio since legislative fixes were put in place, along with a revised funding formula that had gradually improved equity of funding among Missouri school districts. However, gains during 1998-99 were not impressive. Two charts portray spending ratios among states and spending disparities. (RJM)

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CURRENT SCHOOL FUNDING POLICY ISSUES IN MISSOURI, 2000

by

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School Funding Issues in Missouri, 2000

During recent years the issues of continued funding of court-ordered desegregation plans in St. Louis and Kansas City and the ongoing search for greater fiscal equity among school districts have dominated legislative discussion and debate in Missouri. For the past fourteen years, the state of Missouri has been extensively involved in court-ordered desegregation payments to the school districts of St. Louis and Kansas City. Significant progress has been made during the past year in reaching a final agreement concerning discontinuance of the desegregation payments by the state.

Kansas City School District Desegregation Case

Information contained in two documents prepared by the Missouri Department of Elementary and Secondary Education, "A Chronology of the Kansas City, Missouri School District Desegregation Case" and "Kansas City Desegregation Fact Sheet," is summarized below:

1984 U. S. District Judge Russell Clark ruled that the Kansas City, Missouri School District (KCMSD) and the state of Missouri were liable for segregated schools.

1986 State of Missouri made first desegregation payment in fiscal year ending June 30.

1994-95 Suburban students were recruited to attend KCMSD magnet schools with the state paying transportation and tuition costs for 1,473 students.

1995 U.S. Supreme Court ruled that the federal courts in Missouri had exceeded their authority by ordering an interdistrict remedy for an intradistrict violation.

1995 Agreement reached on June 30 for the state to provide KCMSD with $110 million for the 1995-96 school year and end state funding by the year 2000.

1997 Three-year settlement agreement signed by the state, KCMSD, and the American Federation of Teachers that called for the state to pay the district $320 million from 1996-97 through 1998-99.

1998 By June, the state of Missouri had paid $1.4 billion in desegregation payments to the Kansas City district. In general, the state has paid 75% for all program costs and 50% for all capital improvement costs.

1998 In December, the state made its final payment to KCMSD in the amount of $56,282,435.49.

1999 On January 28, Judge Dean Whipple, who in 1997 had replaced Judge Russell Clark, released the state of Missouri from its obligation in this case.

St. Louis School District Desegregation Case

Information contained in two documents prepared by the Missouri Department of Elementary and Secondary Education, "A Chronology of the St. Louis Public School Desegregation case" and "St. Louis Desegregation Fact Sheet," is summarized below:

1980 Intra-City Plan--consisting of reassignment/transportation of students to achieve integrated schools, establishment of intra-city magnet schools, development of middle schools and of remedial/compensatory programs, and integration of faculty--implemented during 1980-81 school year with state paying 50% of the cost.

1983 Settlement Plan - providing for reduction in class size, establishment of preschools and all-day kindergarten, library expansions, and additional remedial and enrichment programs--ordered in 1983 with state paying 50% of cost.

1983 Voluntary Inter-District Transfer plan begun.

1987 Capital Improvement plan ordered for St. Louis Public School District with state and district equally sharing costs of $110,140,524.

1988 Magnet School plan ordered involving seven thematic clusters: early childhood education, gifted education, international studies, visual/performing arts, military, math/science/technology, and general academic.

1989 50-50 funding formula between the state and the district instituted for Magnet Schools.

1998 As of June 24, there had been 12,340 city-to-county transfers and 1,366 county-to-city transfers under the Voluntary Inter-District Transfer (VIT) plan. From 1983 to October 30, 1998, the state had paid $66,272,484.95 for tuition incentives and $316,113,387.52 for transportation under the VIT program.

1999 Tentative settlement reached in January, contingent upon passage of 2/3 of a cent sales tax.

1999 In February, St. Louis City residents approved passage of 2/3 cent sales tax. Simple majority required but 63% voted in favor of passage.

1999 In March, the Federal District Court approved settlement agreement which provided for continuation of the transfer program in a modified format. Both the St. Louis Public School District and the state of Missouri were released from the case.

Missouri's Continuing Quest for Fiscal Equity

Public School Finance Programs of the United States and Canada (1995, p. 9) shows that during the 1993-94 school year financial support for public schools in the United States was almost evenly divided between the state (46.0%) and the local school district (46.8%). In addition, the federal government accounted for 7.2% of total revenue. The state share varied from a high of 90.9% in Hawaii to a low of 8.3% in New Hampshire, and the local share varied from a high of 88.9% in New Hampshire to a low of 2.1% in Hawaii. The federal share varied from a high of 16.6% in Mississippi to a low of 2.8 in New Hampshire. State governments in the seven states of Alabama, Alaska, Delaware, Hawaii, Kentucky, Washington, and West Virginia provided more than 70% of nonfederal revenue while state governments in the eight states of Illinois, Massachusetts, Michigan, Nevada, New Hampshire, South Dakota, Vermont, and

Virginia provided less than 40% of nonfederal revenue.

Introduced in 1955, the first Missouri School Foundation plan used school levy, teacher preparation level, average daily attendance, and assessed value per student for calculation of state school funds and required only four lines of calculation. The current formula, introduced in the Outstanding Schools Act of 1993 (Senate Bill 380), utilizes 14 lines of calculation and includes 18 different factors.

Changes in the Missouri School Foundation plan were a direct result of Circuit Judge Byron Kinder's court decision in January 1993. In this case, Committee for Educational Equality v. State of Missouri (1993, p. 2), Judge Kinder stated:

> The Court finds and concludes that the amount of money available for schools can and does make a difference in the educational opportunities that can be provided to Missouri children. The present Missouri School system does not provide an "equal opportunity" for each Missouri child as guaranteed by the Missouri constitution. Vast disparities exist in funding and resources available for education in the approximately 540 school districts in the Missouri school system - with available annual revenues on a per pupil basis ranging from $9,750.53 down to $2,653.04, one of the most disparate situations of any state in the United States, and with facilities ranging from the "golden" to the "god-awful." Those disparities are not because of differing student needs, but instead are associated with local property wealth or are simply irrational.
>
> Missouri's system of school finance as presently funded does not "maintain" a system of education providing for a "general diffusion of knowledge and intelligence" available to all Missouri children at the level necessary in this era to "preserv[e] the rights and liberties of the people." Missouri does not provide an educational opportunity for each Missouri child "without regard to wealth, birth or accidental condition or circumstance" which is implicit in the Jeffersonian concepts ingrained in our Constitution. The present system of financing the public schools of Missouri does not pass constitutional muster.

In his 1993 decision, Judge Kinder pointed out that equity measures commonly used to assess the equal distribution of a state's resources for public schools indicate that Missouri schools are among the most inequitably financed in the nation. He also pointed out other equity

concerns in the Committee for Educational Quality v. State of Missouri (1993, pp. 15-16) decision:

> All relevant standard measures of equity in educational funding among all the school districts in Missouri clearly and consistently indicate that Missouri funding for its public schools is highly disequalized and is getting worse.
>
> Thus, the present system of financing public education in Missouri fails to provide children of substantially equal age, aptitude, motivation and ability with substantially equal educational resources and opportunities, including but not limited to teaching staff, curriculum, educational services, equipment and facilities. The amount of revenue provided by the state pursuant to the Foundation Formula does not equalize, as to need, the amount of money available to a school district for school purposes.

Figure 1, based on a report of the Education Testing Service showing school spending disparities among the states, supports Judge Kinder's contention that Missouri funding is disequalized. Only Texas, Ohio, New York, and Pennsylvania had higher school spending disparities than Missouri (Barton, 1991, p. 10).

Judge Kinder's statement that Missouri school expenditure disequalization was "getting worse" gave impetus to previous studies of Missouri school expenditures by the authors. Figures 2 illustrates the disparity ratios for each year from 1987-88 to 1998-99. Clearly, disparities between the 10 highest spending school districts and the 10 lowest spending school districts increased steadily from 1987-88 through 1992-93. During these years the disparity ratios increased from 2.4 to 3.0. Following passage of Senate Bill 380, disparity ratios decreased steadily from 3.0 in 1992-93 to 2.2 in 1997-98. From 1992-93 to 1997-98, there was also an 11.5% average yearly increase in the low-spending districts in contrast to a 2.7% average yearly increase from 1987-88 to 1992-93. During this same period of time the rate of increase among the high-spending districts decreased from an average of 8.2% per year to an average of 2.2% per year.

Financial data for the school year 1998-99 show a slight deviation from the steady decline in the disparity ratio since passage of Senate Bill 380 in 1993. When the low-spending average of

$4,032 is compared with the high-spending average of $9,247, a disparity of 2.3 is produced. The School Foundation formula, which had gradually improved equity of funding among Missouri school districts during the previous five years, was not as effective during the 1998-99 school year in reducing the discrepancy in spending between the 10 districts with the highest cost per pupil and the 10 districts with the lowest cost per pupil.

References

Committee For Educational Quality v. State of Missouri 1993, NO CV190-1371CC (Circuit Court of Cole County, MO)

Barton, P. (1991). The State of Inequality, Educational Testing Service. Policy Information Center, Princeton, N.J.

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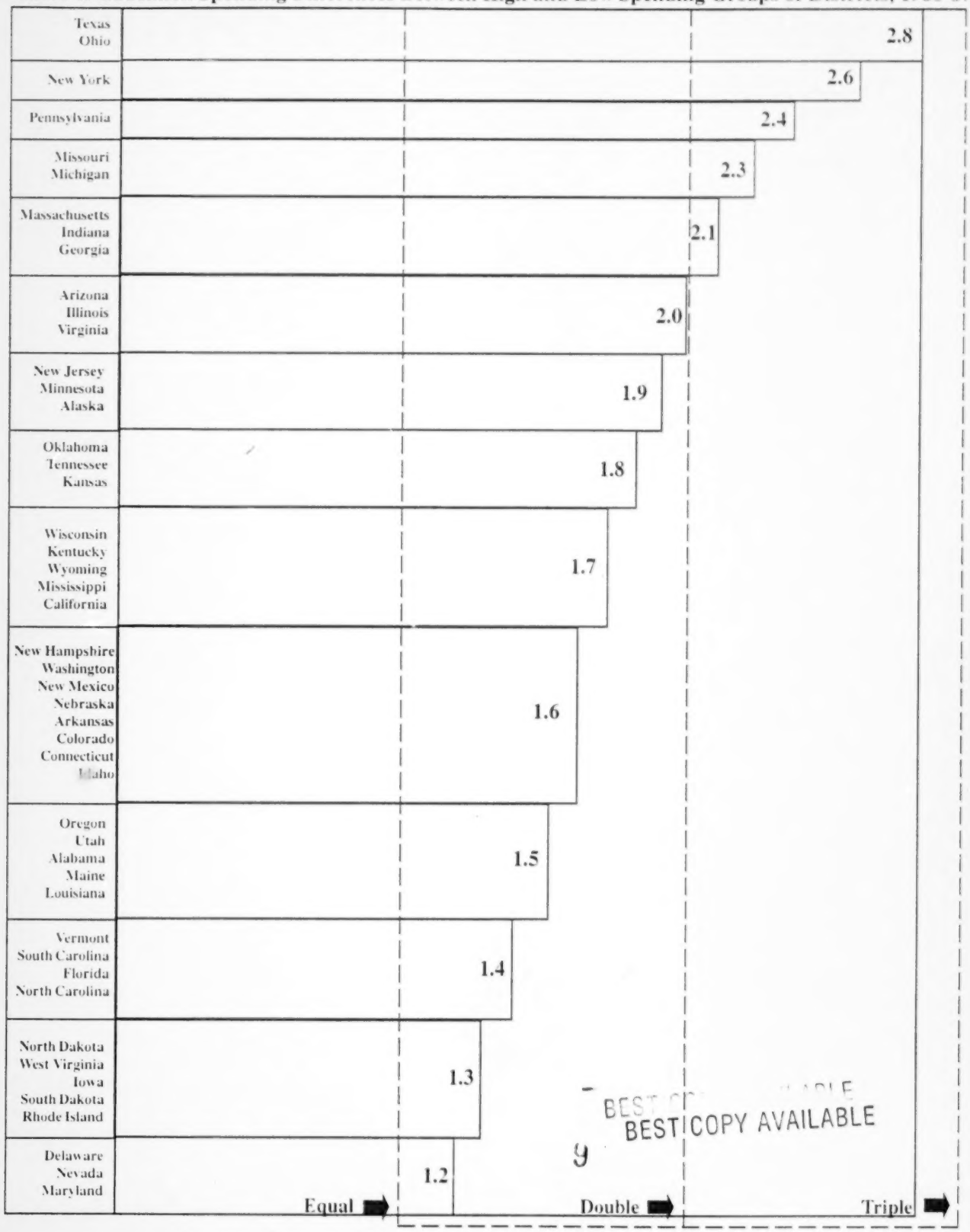
FIGURE 1: SCHOOL SPENDING DISPARITIES: THE NATIONAL PICTURE

Ratio of Education Spending Differences Between High and Low Spending Groups of Districts, 1986-87



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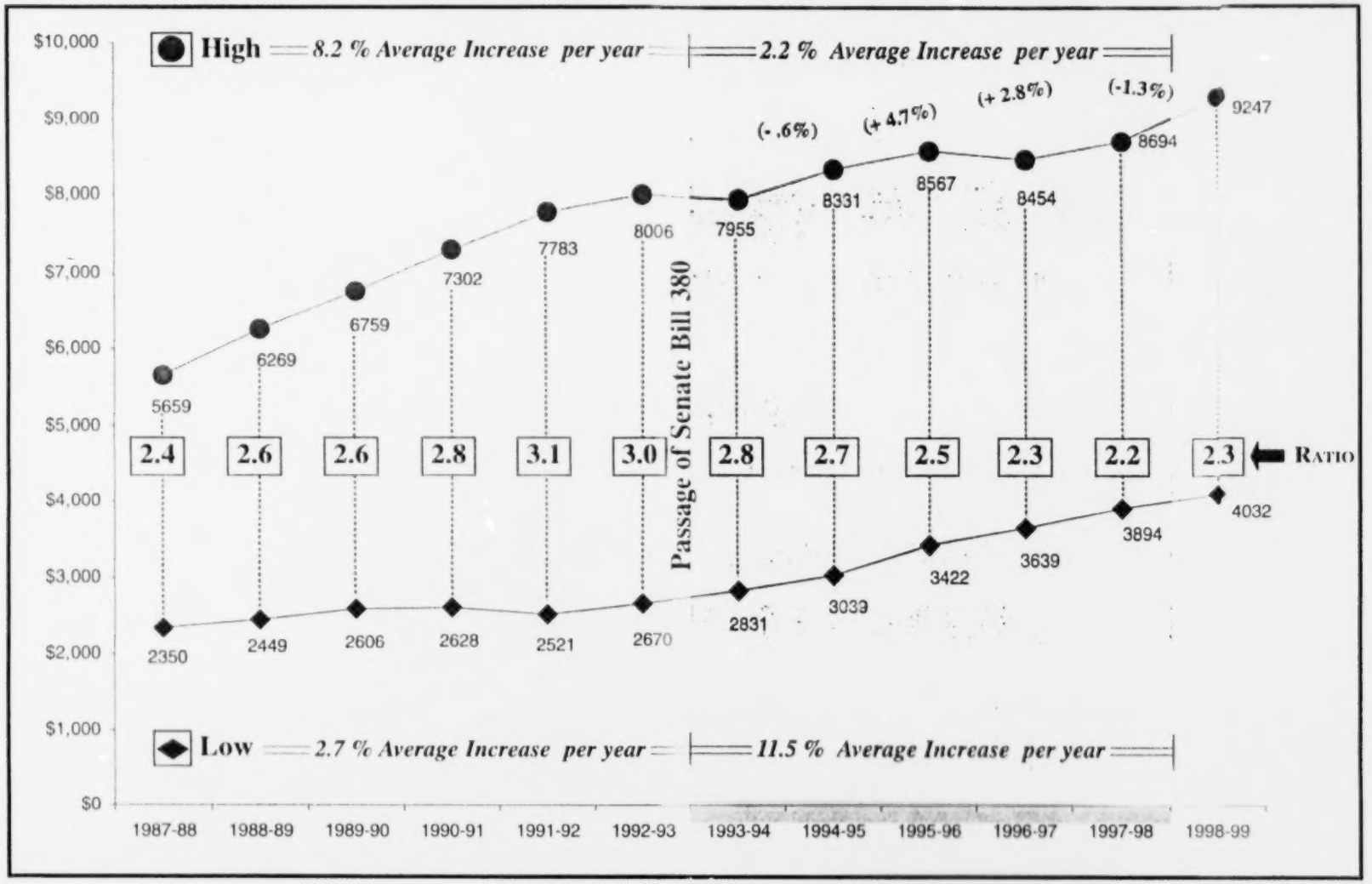
SPENDING RATIOS OF HIGH TO LOW SPENDING DISTRICTS, BY STATE

Note: Ratio is the average expenditure of the 10 highest-spending districts in the state divided by the average expenditure of the 10 lowest-spending districts in 1986-87

Source: Congressional Research Service in the Education Testing Service. The State of Inequality, 1991.

FIGURE 2: SCHOOL SPENDING DISPARITIES: THE MISSOURI PICTURE

Ratio of Education Spending Differences Between High and Low Spending Groups of Districts, 1987-88 through 1998-99



NOTE: Ratio is the average expenditure per ADA of the 10 highest spending districts in the state divided by the average expenditure per ADA of the 10 lowest spending districts from the 1987-88 school year through the 1998-99 school year.

SOURCES: Missouri Department of Elementary and Secondary Education

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